
BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Increase of Rates	:	Docket No. 08-046-01
And Charges and Increases in USF	:	DPU Exhibit 1.0 DIR
Eligibility for Manti Telephone	:	(REDACTED)
Company	:	
	:	

DIRECT TESTIMONY

OF

William Duncan
STATE OF UTAH
DIVISION OF PUBLIC UTILITIES

OCTOBER 18, 2012

1 **I. INTRODUCTION**

2 **Q: Please state your name for the record.**

3 **A:** My name is William Duncan.

4 **Q: By whom are you employed and what is your business address?**

5 **A:** I am employed by the Utah Department of Commerce, Division of Public Utilities (DPU).
6 My business address is 160 East 300 South, 4th Floor, Salt Lake City, Utah, 84114.

7 **Q: What is your position with the Division?**

8 **A:** I am the manager of the Telecommunications and Water Section.

9 **Q: Please summarize your educational and professional experience.**

10 **A:** I received a Bachelor's Degree in Business Administration – Finance from Weber State
11 College in 1975. I also received an MBA from the University of Utah. I was employed for
12 over 26 years by Mountain Bell / U S West / Qwest in a variety of management positions
13 including Customer Operations, Process and Quality Improvement, Forecasting, Network
14 Planning and Engineering.

15 **Q: Have you testified before the Commission on prior occasions?**

16 **A:** Yes.

17 **Q: Please describe your participation in the Division's review of Manti Telephone**
18 **Company (MTC).**

19 **A:** I have overseen and managed this case since it was filed in April, 2008.

20
21 **II. PURPOSE AND SCOPE OF TESTIMONY**

22 **Q: What is the purpose of your testimony in these proceedings?**

23 **A:** My testimony will present the overall recommendation of the DPU as it pertains to
24 changes to Manti's current Utah USF funding. I will also introduce DPU witnesses and
25 identify the scope of their testimony.

26

27 **Q: Please summarize the Division's actions and recommendation in this case.**

28 **A:** On or about April 24, 2012 MTC filed their Second Amended Application for increase in
29 Utah Universal Service (UUSF) funding, seeking an additional [REDACTED] annually in
30 UUSF. On September 21, 2012, MTC filed a revised request for additional UUSF of
31 [REDACTED] with its direct testimony. Both of these requested amounts are in addition to
32 an annual amount of [REDACTED] that MTC currently receives. This filing was completed
33 pursuant to a stipulation approved by the Commission on April 21, 2011. Since the filing
34 in April, 2012, Division auditors have conducted a rigorous review of MTC operations,
35 financial and accounting records. The Division issued several data requests and
36 conducted an on-site audit from July 23 – 26, 2012. As a result of this review, the
37 Division recommends a decrease in Manti Telephone Company's annual UUSF eligibility
38 of [REDACTED], adjusting their annual UUSF eligibility to [REDACTED].

39 **Q. Please describe the exhibits that have been filed with your direct testimony.**

40 **A.** There are four exhibits filed with my testimony:

41

42 **DPU Exhibit 1.1** This exhibit is a summary worksheet that the DPU uses to model

43 changes to USF requirement when other factors – such as revenue and expense
44 adjustments – are added, deleted or modified. The body of the exhibit from column A
45 through J is based on Manti Revised Exhibit 1. The area shaded in grey, columns K
46 through N, contains DPU adjustments.

47 **DPU Exhibit 1.2** This exhibit is a summary worksheet that the DPU uses to model
48 changes to proposed rate base. The body of the exhibit from column A through F is based
49 on the lower portion of Manti Revised Exhibit 1. The area shaded in grey, columns G
50 through J, contains DPU adjustments.

51 **DPU Exhibit 1.3** This exhibit quantifies the impact of each Division adjustment on the
52 MTC request for additional USF. It also provides an adjustment number and a reference
53 to the Division analyst that will be testifying to that particular adjustment.

54 **DPU Exhibit 1.4** This exhibit details where the DPU adjustments in Exhibit 1.1 and 1.2
55 originate. For example, the total DPU adjustment to Line 12 – Plant Specific Operations
56 is the sum of five different individual adjustments which are referenced on this exhibit.

57

58 **Q: Please introduce the Division witnesses that are expected to testify in this case.**

59 **A:** The Division intends to present five witnesses:

60 Mr. Casey Coleman is expected to testify to Cost of Capital issues and Rate of Return
61 calculation.

62 Mr. Paul Hicken is expected to testify to certain adjustments to rate base, depreciation
63 and expense adjustments.

64 Mr. Robert Davis is expected to testify to certain revenue and expense adjustments.

65 Ms. Shauna Benvegna-Springer is expected to testify to certain expense adjustments and
66 to appropriate tax calculations.

67 Ms. Jill Carter, a consultant to the Division, is expected to testify to appropriate salary
68 and compensation methods as well as a compensation study of MTC completed for the
69 Division.

70 **Q: Does this conclude your direct testimony?**

71 **A:** Yes it does.